

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	x	
	:	Chapter 11
	:	
NORTHWESTERN CORPORATION,	:	Case Nos. 03-12872 (JLP)
	:	
	:	
Debtor.	:	
	:	
	x	

**NOTICE OF APPEAL**

An ad hoc group of creditors (the “Ad Hoc Committee”) holding approximately \$558,496,000 face amount, or approximately 64.56%, of the undisputed Class 7 Claims against the above-captioned reorganized debtor (the “Debtor”), hereby appeals, pursuant to 28 U.S.C. § 158(a)(1) and Fed. R. Bankr. P. 8001(a), the Order with respect to the Motion of the Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions (the “Order”) [Docket No. 3438], entered on the docket by this Court on February 7, 2006, and attached hereto as Exhibit A.

The names of all parties to the Order appealed from and the names, addresses and telephone numbers of their respective attorneys are as follows:

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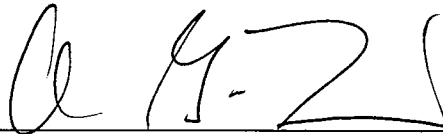
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Dated: February 9, 2006

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A handwritten signature in black ink, appearing to read 'A G Landis', is written over a horizontal line.

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-and-

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Attorneys for Ad Hoc Committee of Class 7  
Debtholders

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
NORTHWESTERN CORPORATION,	:	Case No. 03-12872 (JLP)
Reorganized Debtor.	:	Relates to Docket No. 3308
	:	

**ORDER DENYING MOTION OF THE PLAN COMMITTEE IN AID OF  
CONSUMMATION AND IMPLEMENTATION OF THE PLAN FOR ORDER  
AUTHORIZING AND DIRECTING NORTHWESTERN CORPORATION TO  
DISTRIBUTE SURPLUS DISTRIBUTIONS**

UPON consideration of the Motion of the Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3308] (the "Motion"); and the Court having reviewed the Motion and the related responses; and a hearing having been held on January 11, 2006 (the "Hearing") with respect to the Motion; and the Court having heard the statements of counsel regarding the relief requested in the Motion at the Hearing; and after due deliberation and sufficient cause appearing therefor, it is hereby

**THE COURT FINDS AND CONCLUDES THAT:**

A. The findings of fact and conclusions of law set forth herein and on the record at the January 11, 2006 hearing constitute this Court's findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rule 7052 and 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

- B. The Court has jurisdiction over this case under 28 U.S.C. § 1334(b).
- C. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

D. Due and adequate notice has been given to all parties entitled thereto, including the Securities and Exchange Commission, and no other or further notice is necessary or required.

E. The Court has reviewed the Motion and all pleadings related thereto, including, but not limited to, the following:

- Joinder of Ad Hoc Committee of Class 7 Debtholders to Motion of Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3322];
- Joint Objection of Magten Asset Management Corp. and Law Debenture Trust Company of New York to Motion of the Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3325];
- Response of Richard R. Hylland to Plan Committee's Motion for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distribution [Docket No. 3327];
- Response of First Interstate Bank and Missoula Parking Commission to Plan Committee's Motion for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3329];
- Response of NorthWestern Corporation to Motion of Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3405]; and
- Plan Committee's Omnibus Reply to (I) Joint Objection of Magten Asset Management Corporation and Law Debenture Trust Company and (II) NorthWestern Corporation's Response to Motion of Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing NorthWestern Corporation to Distribute Surplus Distributions [Docket No. 3415].

F. The Court has reviewed NorthWestern Corporation's ("NorthWestern") Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan")<sup>1</sup> and the Order Confirming Debtor's Second Amended and Restated Plan of

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<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Plan.

"Plan")<sup>1</sup> and the Order Confirming Debtor's Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code entered on or about October 19, 2004 (the "Confirmation Order").

G. The Court has reviewed the following stipulations (collectively, the "Stipulations"):

- Stipulation and Order Resolving Section III of the Limited Objection of PPL Montana, LLC to Confirmation of the Debtor's First Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and the Debtor's Motion Pursuant to Sections 105(a), 363(b) and 502(a) of the Bankruptcy Code for Estimation of PPL Montana, LLC's Claim and to Establish Disputed Claim Reserve [Docket No. 2183]; and
- Stipulation and Order Establishing a Disputed Claims Reserve [Docket No. 2317] (the "QUIPS Litigation Reserve Stipulation").

H. The Motion is premature in view of the litigation surrounding the unresolved and disputed claims of Magten Asset Management Corporation ("Magten") and Law Debenture Trust Company of New York ("Law Debenture").

I. There are surplus shares in the Disputed Claim Reserve established pursuant to Section 7.5 of the Plan. *At the date of HEARING, subject however to the MAGTEN LITIGATION FOR FINAL SURPLUS DETERMINATION.*

J. Section 7.7 of the Plan requires full resolution of all disputed claims before there can be any Surplus Distribution and does not require NorthWestern to distribute Surplus Distribution from the Disputed Claims Reserve every six (6) months from the Effective Date of the Plan.

K. The QUIPS Litigation Reserve Stipulation applies to protect potential distribution to Magten and Law Debenture in the event their recovery exceeds the segregated reserve provided for therein.

L. Section 7.7 of the Plan and the QUIPS Litigation Reserve Stipulation preclude any distribution from the Disputed Claim Reserve until the disputed claims of Magten and Law Debenture with respect to the QUIPS Litigation are resolved.

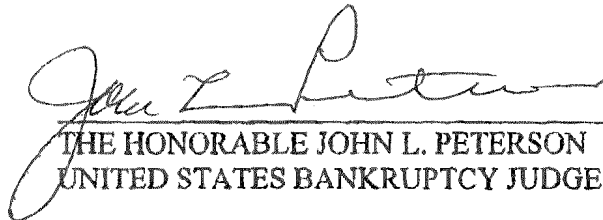
<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Plan.

M. Due and adequate notice was provided to the SEC and the SEC did not file any responsive pleadings in connection with the Motion or appear before the Court on January 11, 2006.

**THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is DENIED.
2. The SEC is barred from asserting any claim against NorthWestern pursuant to the Bar Date Order, the Plan and the Confirmation Order.
3. Notwithstanding anything to the contrary herein, consistent with Section 10.8 of the Plan, nothing in this Order shall release any non-Debtor, including any officer and/or director of the Debtor and/or any Non-Debtor included in the Released Parties, from liability to the SEC, in connection with any legal action brought by such governmental unit against such person(s).
4. This Order shall take effect immediately upon its entry.
5. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: Wilmington, Delaware  
February 2, 2006

  
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THE HONORABLE JOHN L. PETERSON  
UNITED STATES BANKRUPTCY JUDGE

**TRANSMITTAL SHEET FOR APPEAL SUBMITTED TO U.S. DISTRICT COURT**

Case Number: **03-12872**

Deputy Clerk Transferring Case: Lisa M. Cicone (302) 252-2900 ext. 5115

Case Type: Appeal - **AP-06-13 and AP-06-14**

**Order and Date Entered**

Order Denying Motion of the Plan Committee in Aid of Consummation and Implementation of the Plan for Order Authorizing and Directing Northwestern Corporation to Distribute Surplus Distributions (Related Doc # 3308) Order Signed on 2/2/2006

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